

MIRA INFORM REPORT

Report No. :	541666
Report Date :	28.11.2018

IDENTIFICATION DETAILS

Name :	SAUDI COMPANY FOR HARDWARE (SACO)
Registered Office :	Building No. 279, Al Madhar Ash Shamali Al Amir Sultan Ibn Abdul Aziz Street, PO Box -86387, Riyadh 11622
Country :	Saudi Arabia
Financials (as on) :	31.12.2017
Date of Incorporation :	19.11.1984
Com. Reg. No.:	1010056595
Legal Form :	Joint Stock Company
Line of Business :	Subject operates a chain of 25 retail stores specialising in the wholesale and retail of hardware products, hand and power tools, electrical and house ware products, lawn and garden accessories, paints, plumbing equipment, sports equipment, toys and building materials
No. of Employees :	2,035

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :	A+
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Credit Rating	Explanation	Rating Comments
A+	Low Risk	Business dealings permissible with low risk of default

Status :	Good
Payment Behaviour :	Regular
Litigation :	Clear

NOTES :

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Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

ECGC Country Risk Classification List

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
Saudi Arabia	A2	A2

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

SAUDI ARABIA - ECONOMIC OVERVIEW

Saudi Arabia has an oil-based economy with strong government controls over major economic activities. It possesses about 16% of the world's proven petroleum reserves, ranks as the largest exporter of petroleum, and plays a leading role in OPEC. The petroleum sector accounts for roughly 87% of budget revenues, 42% of GDP, and 90% of export earnings.

Saudi Arabia is encouraging the growth of the private sector in order to diversify its economy and to employ more Saudi nationals. Approximately 6 million foreign workers play an important role in the Saudi economy, particularly in the oil and service sectors; at the same time, however, Riyadh is struggling to reduce unemployment among its own nationals. Saudi officials are particularly focused on employing its large youth population.

In 2017, the Kingdom incurred a budget deficit estimated at 8.3% of GDP, which was financed by bond sales and drawing down reserves. Although the Kingdom can finance high deficits for several years by drawing down its considerable foreign assets or by borrowing, it has cut capital spending and reduced subsidies on electricity, water, and petroleum products and recently introduced a value-added tax of 5%. In January 2016, Crown Prince and Deputy Prime Minister MUHAMMAD BIN SALMAN announced that Saudi Arabia intends to list shares of its state-owned petroleum company, ARAMCO - another move to increase revenue and outside investment. The government has also looked at privatization and diversification of the economy more closely in the wake of a diminished oil market. Historically, Saudi Arabia has focused diversification efforts on power generation, telecommunications, natural gas exploration, and petrochemical sectors. More recently, the government has approached investors about expanding the role of the private sector in the health care, education and tourism industries. While Saudi Arabia has emphasized their goals of diversification for some time, current low oil prices may force the government to make more drastic changes ahead of their long-run timeline.

Source : CIA

SUMMARY

Company Name	: SAUDI COMPANY FOR HARDWARE (SACO)
Also Known As	: SAUDI COMPANY FOR HARDWARE & TOOLS JSC (SACO)
Country of Origin	: Saudi Arabia
Legal Form	: Joint Stock Company
Registration Date	: 19th November 1984
Commercial Registration Number	: 1010056595, Riyadh
Chamber Membership Number	: 32072
Issued Capital	: SR 240,000,000
Paid up Capital	: SR 240,000,000
Total Workforce	: 2,035
Activities	: Wholesale and retail of hardware products, hand and power tools, electrical and house ware products, lawn and garden accessories, paints, plumbing equipment, sports equipment, toys and building materials
Financial Condition	: Good
Payments	: Regular
Operating Trend	: Steady

COMPANY NAME

COMPANY NAME: SAUDI COMPANY FOR HARDWARE (SACO)

ALSO KNOWN AS: SAUDI COMPANY FOR HARDWARE & TOOLS JSC (SACO)

ADDRESS

REGISTERED & PHYSICAL ADDRESS

Building : Building No. 2790
Street : Al Madhar Ash Shamali Al Amir Sultan Ibn Abdul Aziz Street

PO Box : 86387

Town : Riyadh 11622
Country : Saudi Arabia

Telephone : (966-11) 4993500 / 4636677 / 4828877 / 4881842 / 920001530
Facsimile : (966-11) 4645827 / 4881920
Email : info@saco-ksa.com

Please note that the subject's previous address was, Saco Building, Takhasoussi Main Road, Olaya District, Riyadh.

Premises

Subject operates from a large suite of offices and a showroom that are rented and located in the Central Business Area of Riyadh.

Branch Office (s)

<u>Location</u>	<u>Description</u>
<ul style="list-style-type: none">Khurais Road Rawdah Riyadh Tel: (966-11) 2332463 Fax: (966-11) 2303727 CR No. 1010144072	Rented retail premises
<ul style="list-style-type: none">Prince Abdullah Road Al Hamra Riyadh Tel: (966-11) 2485899	Rented retail premises

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Fax: (966-11) 2781352
CR No. 1010154852

- Al Andalus Street
PO Box: 20358
Jeddah 21455
Tel: (966-12) 6609146
Fax: (966-12) 6655542
CR No. 4030104324
Rented retail premises
- Al Thalia Street
Jeddah
Tel: (966-12) 6199967
Fax: (966-12) 6199558
CR No. 4030061896
Rented retail premises
- Dhahran Main Street
Dhahran
Tel: (966-13) 8873782
Fax: (966-13) 8871759
CR No. 2052000780
Rented retail premises
- Al Fanateer Commercial Centre
Jubail
Tel: (966-13) 3474471
Fax: (966-13) 3474055
CR No. 2055004380
Rented retail premises
- Al Thurayat Street
PO Box: 81
Al Hasa 31982
Tel: (966-13) 5821811
Fax: (966-13) 5860648
CR No. 2252026146
Rented retail premises
- King Fahd Road
Yanbu
Tel: (966-14) 3926261
CR No. 4700012605
Rented retail premises
- Buraidah
Qassim
CR No. 1131020838
Rented retail premises
- Medina Al Mounawara
CR No. 4650039295
Rented retail premises
- Jazan
Rented retail premises

CR No. 5900031715

- Hail
CR No. 3350043304
Rented retail premises
- Al Kharj
CR No. 1011024139
Rented retail premises
- Hafr El Batten
CR No. 2511025181
Rented retail premises

KEY PRINCIPALS

<u>Name</u>	<u>Position</u>
• Abdel Rahman Amin Jawa	Chairman
• Khalid Mohamed Abdulaziz Al Hamidi	Director
• Haytham Mohamed Abdulaziz Al Hamidi	Director
• Sameer Mohamed Al Hamidi	Director
• Bandar Khalid Al Turki	Director
• Abdulmohsen Ibrahim Al Touq	Director
• Hani Ahmed Yousif Al Shuaeer	Director
• Talal Mohammed Bakhsh	Director

LEGAL FORM & OWNERS

Date of Establishment : 19th November 1984

Legal Form : Joint Stock Company

Commercial Reg. No. : 1010056595, Riyadh

Chamber Member No. : 32072

Issued Capital : SR 240,000,000

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Paid up Capital : SR 240,000,000

<i>Name of Shareholders (s)</i>	<i>Percentage</i>
• Abdul Rahman Hassan Abbas Sharbatly	17.85%
• Abrar International Holding Co Saudi Arabia	17.85%
• Al Humaidi Corporation Saudi Arabia	15.55%
• Sameer Mohamed Al Hamidi	5.62%
• Khalid Mohammed Abdulaziz	5.10%
• Members of the public & private investors	38.03%

AFFILIATED COMPANIES

<u>Name</u>	<u>Percentage Held</u>
• Medscan Terminal Company Ltd	100%

OPERATIONS

Activities: Subject operates a chain of 25 retail stores specialising in the wholesale and retail of hardware products, hand and power tools, electrical and house ware products, lawn and garden accessories, paints, plumbing equipment, sports equipment, toys and building materials.

Import Countries: United States of America, Germany, Spain and the Far East

International Suppliers:

- ACE Hardware United States of America

Operating Trend: Steady

Subject has a workforce of approximately 2,035 employees.

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FINANCIAL DATA

Financial highlights provided by local sources are given below:

Currency: Saudi Riyals (SR)

Balance Sheet	31/12/17	31/12/16
Assets		
Current assets		
Cash and cash equivalents	27,30,630	54,535,375
Accounts receivable	21,050,760	20,382,130
Inventories	596,692,074	513,283,736
Prepayments and other receivables	61,339,249	56,644,760
	706,402,713	644,846,001
Non-current assets		
Available for sale investment	9,662,153	9,662,153
Property and equipment	244,083,692	193,108,126
Intangible assets	43,435,487	43,582,119
	297,181,332	246,352,398
Total assets	1,003,584,045	891,198,399
Liabilities		
Current liabilities		
Short term borrowings and bank overdrafts	34,026,405	10,211,807
Current maturity of medium term borrowings	15,787,778	15,946,194
Accounts payable	127,846,452	124,516,009
Accrued and other liabilities	93,046,635	103,088,062
Dividends payable	94,017	36,062,314
Accrued zakat	11,542,327	11,082,842
	282,343,614	300,907,228
Non-current liabilities		
Long term borrowings	82,875,000	49,662,779
Employee termination benefits	38,865,590	34,027,749
	121,740,590	83,690,528
Total liabilities	404,084,204	384,597,756
Shareholders' equity		
Share capital	240,000,000	240,000,000
Statutory reserve	57,701,439	44,211,519
Retained earnings	300,396,702	220,987,424
Fair value reserve	1,401,700	1,401,700
Total shareholders' equity	599,499,841	506,600,643
Total liabilities and shareholders' equity	1,003,584,045	891,198,399

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Statement of Income

Sales	1,455,932,275	1,324,090,069
Cost of sales	(1,171,250,599)	(1,063,493,682)
Gross profit	284,681,676	260,596,387
Selling and marketing expenses	(25,866,946)	(23,833,230)
General and administrative expenses	(108,876,495)	(94,869,017)
Net operating income	149,938,235	141,894,140
Financial charges	(7,444,695)	(5,372,844)
Other income	2,841,115	2,648,816
Total income from continuing operations	145,334,655	139,170,112
Zakat	(10,435,457)	(10,199,442)
Net income	134,899,198	128,970,670

Local sources consider subject's financial condition to be Good.

BANKERS

- Saudi American Bank
PO Box: 833
Riyadh 11471
Tel: (966-11) 4774770
- National Commercial Bank
Airport Road
PO Box: 2800
Riyadh 11461
Tel: (966-11) 4772281
Fax: (966-11) 4730322

PAYMENT HISTORY

Regular

GENERAL COMMENTS

Saudi Co. For Hardware (SACO) is a leading retailer of hardware products in the Saudi market with branches in all the major cities of the Kingdom. The company enjoys an excellent reputation and is run in a professional manner.

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info@mirainform.com
Website : <http://www.mirainform.com>
<http://www.miraglobalcheck.com>
<http://www.miraglobalcollections.com>

The subject and its shareholders/owners have been searched in the following databases; Office of Foreign Assets Control (OFAC), United Nations Security Council Sanctions, Australian Sanctions List, US Consolidated Sanctions List, EU Financial Sanctions List and UK Financial Sanctions List and nothing adverse could be found on the exact names listed within the report.

During the course of this investigation nothing detrimental was uncovered regarding subject's operating history or the manner in which payments are fulfilled. As such the company is considered to be a fair trade risk.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.91
UK Pound	1	INR 90.84
Euro	1	INR 80.42
SAR	1	INR 18.84

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	KET

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)